

TESTIMONY OF DANIEL W. LUCAS, INSPECTOR GENERAL
BEFORE THE
COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
PUBLIC OVERSIGHT HEARING ON THE
“FISCAL YEAR 2024 ANNUAL COMPREHENSIVE FINANCIAL
REPORT”

FEBRUARY 6, 2025

Good afternoon, Chairman Mendelson, and Members of the Committee of the Whole. I am Daniel W. Lucas, Inspector General for the District of Columbia. I am pleased to appear at today’s hearing to discuss the District’s Fiscal Year 2024 (FY24) Annual Comprehensive Financial Report (ACFR) audit results.

Joining me are staff from the Office of the Inspector General (OIG) and Mr. Chuck Kozlik, audit partner from McConnell Jones LLP (MJ), contracted by the OIG to independently audit the District’s financial statements.

ACFR AUDIT CONTRACT ADMINISTRATION AND OVERSIGHT

The OIG is responsible for entering into a contract with an independent auditor to audit the District’s financial statements annually.¹ Following contract award, OIG staff perform day-to-day administration and oversight of the ACFR audit contract. The FY24 ACFR audit process

¹ D.C. Code § 1-301.115a (a)(4).

began in May 2024,² and continued through OIG’s release of the FY24 ACFR audit opinion and associated reports on January 31st.³

FY24 ACFR AUDIT RESULTS

As reported, the District’s overall FY24 ACFR audit received an unmodified, or “clean” audit opinion. MJ also issued 10 unmodified, or “clean” audit opinions for 10 organizational units, funds, and programs. Additionally, seven third-party audits, which were all reviewed by MJ, received unmodified, or “clean” audit opinions.

In addition to the financial statement audit opinions, *Government Auditing Standards* require MJ to communicate to those charged with governance and management any deficiencies in internal control identified during the audit of the District’s financial statements. For FY24, MJ identified 12 deficiency⁴ findings at the District-wide ACFR level, and 5 control deficiency findings at the organizational unit, fund, and program level. These control deficiencies have been communicated in five Management Recommendation Reports issued by the OIG.

² OIG Engagement Letter, Audit of the FY 2024 Annual Comprehensive Financial Report (May 20, 2024), <https://oig.dc.gov/sites/default/files/Reports/OIG%20No%2024-1-07MA%20-%20ACFR%202024.pdf> (last visited Jan. 30, 2025).

³ OIG Report No. 24-1-07MA, Government of the District of Columbia Annual Comprehensive Financial Report, Reports of Independent Public Accountants for the Fiscal Year Ended September 30, 2024 (Jan. 31, 2024), <https://oig.dc.gov> (last visited Jan. 31, 2025).

⁴ *Id.* A “control deficiency” in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. ASS’N OF INT’L CER’T PROF’L ACCOUNTANTS, COMMUNICATING INTERNAL CONTROL RELATED MATTERS IN AN AUDIT, AU-C § 265.05.07 (2021), <https://www.aicpa-cima.com/resources/landing/america> (last visited Jan. 31, 2025).

Mr. Kozlik will be able to discuss these FY24 ACFR audit findings in greater detail during his presentation. A list of all FY24 ACFR audit reports released by the OIG are included as an attachment to my testimony and are available on the OIG’s website at oig.dc.gov.

CONCLUSION

In conclusion, Fiscal Year 2024 represents the fifth and final year the OIG has contracted with MJ to audit the District’s financial statements. Within the next few weeks, the OIG will transmit, through the executive, the next ACFR audit contract for Council consideration. We have structured this award so that there is a smooth transition between MJ and the next ACFR independent auditor.

I wish to extend my appreciation to all District agencies and professionals – as well as MJ – who have played a role in ensuring an on-time ACFR audit. With that, I will turn it over to Mr. Kozlik to provide an overview of the FY24 ACFR audit results.

Attachment – Fiscal Year 2024 ACFR Audit Reports Issued by the OIG

District-wide Audit Reports:

- [District of Columbia Government Independent Auditor's Reports on the Annual Comprehensive Financial Report for Fiscal Year 2024 \(OIG No. 24-1-07MA\)](#)

Organizational Units, Funds, and Program Audit Reports:

- [401\(a\) Defined Contribution Plan Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-21AT\)](#)
- [457\(b\) Deferred Compensation Fund Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-22AT\)](#)
- [529 College Savings Program Trust Participant and Administrative Funds Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-19AT\)](#)
- [Emergency and Non-Emergency Telephone Number Calling System Fund Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-15UC\)](#)
- [Green Finance Authority Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-20KB\)](#)
- [Health Benefits Exchange Authority Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-26HI\)](#)
- [Highway Trust Fund Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-08KA\)](#)
- [Home Purchase Assistance Program Fund \(1060027\) Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-14DB\)](#)
- [Housing Finance Agency Financial Management Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-16HF\)](#)
- [Not-for-Profit Hospital Corporation Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-25HW\)](#)
- [Office of Lottery and Gaming Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-11DC\)](#)
- [Other Post-Employment Benefits Fund Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-13MA\)](#)

- [Teachers' Retirement Fund and the Police Officers and Firefighters' Retirement Funds Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-18MA\)](#)
- [Tobacco Settlement Financing Corporation Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-17TT\)](#)
- [Unemployment Compensation Fund Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-12BH\)](#)
- [University of the District of Columbia Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-23GG\)](#)
- [Washington Convention and Sports Authority Financial Statements and Independent Auditor's Reports for Fiscal Year 2024 \(OIG No. 24-1-24ES\)](#)

Management Letter Reports:

- [District of Columbia Government Management Recommendations for Fiscal Year 2024 \(OIG No. 24-1-07MA\(a\)\)](#)
- [Not-for-Profit Hospital Corporation Management Recommendations for Fiscal Year 2024 \(OIG No. 24-1-25HW\(a\)\)](#)
- [Other Post-Employment Benefits Fund Management Recommendations for Fiscal Year 2024 \(OIG No. 24-1-13MA\(a\)\)](#)
- [Unemployment Compensation Fund Management Recommendations for Fiscal Year 2024 \(OIG No. 24-1-12BH\(a\)\)](#)
- [University of the District of Columbia Management Recommendations for Fiscal Year 2024 \(OIG No. 24-11-23-GG\(a\)\)](#)